

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 367e as follows:

6 (215 ILCS 5/367e) (from Ch. 73, par. 979e)

7 Sec. 367e. Continuation of Group Hospital, Surgical and
8 Major Medical Coverage After Termination of Employment or
9 Membership. A group policy delivered, issued for delivery,
10 renewed or amended in this state which insures employees or
11 members for hospital, surgical or major medical insurance on an
12 expense incurred or service basis, other than for specific
13 diseases or for accidental injuries only, shall provide that
14 employees or members whose insurance under the group policy
15 would otherwise terminate because of termination of employment
16 or membership or because of a reduction in hours below the
17 minimum required by the group plan shall be entitled to
18 continue their hospital, surgical and major medical insurance
19 under that group policy, for themselves and their eligible
20 dependents, subject to all of the group policy's terms and
21 conditions applicable to those forms of insurance and to the
22 following conditions:

23 1. Continuation shall only be available to an employee

1 or member who has been continuously insured under the group
2 policy (and for similar benefits under any group policy
3 which it replaced) during the entire 3 months period ending
4 with such termination or reduction in hours below the
5 minimum required by the group plan.

6 2. Continuation shall not be available for any person
7 who is covered by Medicare, except for those individuals
8 who have been covered under a group Medicare supplement
9 policy. Neither shall continuation be available for any
10 person who is covered by any other insured or uninsured
11 plan which provides hospital, surgical or medical coverage
12 for individuals in a group and under which the person was
13 not covered immediately prior to such termination or
14 reduction in hours below the minimum required by the group
15 plan or who exercises his conversion privilege under the
16 group policy.

17 3. Continuation need not include dental, vision care,
18 prescription drug benefits, disability income, specified
19 disease, or similar supplementary benefits which are
20 provided under the group policy in addition to its
21 hospital, surgical or major medical benefits.

22 4. Upon termination or reduction in hours below the
23 minimum required by the group plan written notice of
24 continuation shall be presented to the employee or member
25 and the insurer by the employer or mailed by the employer
26 to the last known address of the employee. This written

1 notice must be given directly to the employee or sent via
2 certified mail within 10 days after the employee's
3 termination or reduction in hours below the minimum
4 required by the group plan. An employee or member who
5 wishes continuation of coverage must request such
6 continuation in writing within the 30 day ~~ten day~~ period
7 following the later of: (i) the date of such termination or
8 reduction in hours below the minimum required by the group
9 plan, or (ii) the date the employee is given written notice
10 of the right of continuation by either the employer, ~~or the~~
11 group policyholder, or insurer. The written notice
12 provided to an employee must include an explanation that
13 his or her option for continuation coverage will expire
14 within the 30 day period following the later of (i) the
15 date of such termination of employment or reduction in
16 hours below the minimum required by the group plan, or (ii)
17 the date the employee is given written notice of the right
18 of continuation by either the employer, group
19 policyholder, or insurer. ~~In no event, however, may the~~
20 ~~employee or member elect continuation more than 60 days~~
21 ~~after the date of such termination or reduction in hours~~
22 ~~below the minimum required by the group plan.~~ Written
23 notice of continuation presented to the employee or member
24 by the policyholder, or mailed by the policyholder to the
25 last known address of the employee, shall constitute the
26 giving of notice for the purpose of this provision.

1 In the event the employer fails or refuses to provide
2 notice of continuation rights to the employee or member,
3 the insurer is required to mail notice of the continuation
4 rights to the employee or member at the last known address
5 of the employee. In the event the employee or member
6 contacts the insurer regarding continuation rights and
7 advises that notice has not been provided by the employer
8 or group policyholder, the insurer shall mail out notice to
9 that individual. An employee or member shall have 30 days
10 from receipt of the notice to elect continuation.

11 Any employer who fails to provide the notice required
12 in this subsection 4. is guilty of a petty offense and
13 shall be fined \$500.

14 5. An employee or member electing continuation must pay
15 to the group policyholder or his employer, on a monthly
16 basis in advance, the total amount of premium required by
17 the insurer, including that portion of the premium
18 contributed by the policyholder or employer, if any, but
19 not more than the group rate for the insurance being
20 continued with appropriate reduction in premium for any
21 supplementary benefits which have been discontinued under
22 paragraph (3) of this Section. The premium rate required by
23 the insurer shall be the applicable premium required on the
24 due date of each payment.

25 6. Continuation of insurance under the group policy for
26 any person shall terminate when he becomes eligible for

1 Medicare or is covered by any other insured or uninsured
2 plan which provides hospital, surgical or medical coverage
3 for individuals in a group and under which the person was
4 not covered immediately prior to such termination or
5 reduction in hours below the minimum required by the group
6 plan as provided in condition 2 above or, if earlier, at
7 the first to occur of the following:

8 (a) The date 12 9 months after the date the
9 employee's or member's insurance under the policy
10 would otherwise have terminated because of termination
11 of employment or membership or reduction in hours below
12 the minimum required by the group plan.

13 (b) If the employee or member fails to make timely
14 payment of a required contribution, the end of the
15 period for which contributions were made.

16 (c) The date on which the group policy is
17 terminated or, in the case of an employee, the date his
18 employer terminates participation under the group
19 policy. However, if this (c) applies and the coverage
20 ceasing by reason of such termination is replaced by
21 similar coverage under another group policy, the
22 following shall apply:

23 (i) The employee or member shall have the right
24 to become covered under that other group policy,
25 for the balance of the period that he would have
26 remained covered under the prior group policy in

1 accordance with condition 6 had a termination
2 described in this (c) not occurred.

3 (ii) The prior group policy shall continue to
4 provide benefits to the extent of its accrued
5 liabilities and extensions of benefits as if the
6 replacement had not occurred.

7 7. A notification of the continuation privilege shall
8 be included in each certificate of coverage.

9 8. Continuation shall not be available for any employee
10 who was discharged because of the commission of a felony in
11 connection with his work, or because of theft in connection
12 with his work, for which the employer was in no way
13 responsible; provided the employee admitted his commission
14 of the felony or theft or such act has resulted in a
15 conviction or order of supervision by a court of competent
16 jurisdiction.

17 The requirements of this amendatory Act of 1983 shall apply
18 to any group policy as defined in this Section, delivered or
19 issued for delivery on or after 180 days following the
20 effective date of this amendatory Act of 1983.

21 The requirements of this amendatory Act of 1985 shall apply
22 to any group policy as defined in this Section, delivered,
23 issued for delivery, renewed or amended on or after 180 days
24 following the effective date of this amendatory Act of 1985.

25 (Source: P.A. 93-477, eff. 1-1-04.)

1 Section 10. The Health Maintenance Organization Act is
2 amended by changing Section 4-9.2 as follows:

3 (215 ILCS 125/4-9.2) (from Ch. 111 1/2, par. 1409.2-2)

4 Sec. 4-9.2. Continuation of group HMO coverage after
5 termination of employee or membership. A group contract
6 delivered, issued for delivery, renewed, or amended in this
7 State that covers employees or members for health care services
8 shall provide that employees or members whose coverage under
9 the group contract would otherwise terminate because of
10 termination of employment or membership or because of a
11 reduction in hours below the minimum required by the group
12 contract shall be entitled to continue their coverage under
13 that group contract, for themselves and their eligible
14 dependents, subject to all of the group contract's terms and
15 conditions applicable to those forms of coverage and to the
16 following conditions:

17 (1) Continuation shall only be available to an employee
18 or member who has been continuously covered under the group
19 contract (and for similar benefits under any group contract
20 that it replaced) during the entire 3 month period ending
21 with the termination of employment or membership or
22 reduction in hours below the minimum required by the group
23 contract.

24 (2) Continuation shall not be available for any
25 enrollee who is covered by Medicare, except for those

1 individuals who have been covered under a group Medicare
2 supplement policy. Continuation shall not be available for
3 any enrollee who is covered by any other insured or
4 uninsured plan that provides hospital, surgical, or
5 medical coverage for individuals in a group and under which
6 the enrollee was not covered immediately before
7 termination or reduction in hours below the minimum
8 required by the group contract or who exercises his or her
9 conversion privilege under the group policy.

10 (3) Continuation need not include dental, vision care,
11 prescription drug, or similar supplementary benefits that
12 are provided under the group contract in addition to its
13 basic health care services.

14 (4) Upon termination or reduction in hours below the
15 minimum required by the group contract, written notice of
16 continuation shall be presented to the employee or member
17 and the HMO by the employer or mailed by the employer to
18 the last known address of the employee. This written notice
19 must be given directly to the employee or sent via
20 certified mail within 10 days after the employee's
21 termination or reduction in hours below the minimum
22 required by the group plan. An employee or member who
23 wishes continuation of coverage must request continuation
24 in writing within the 30 ~~10~~ day period following the later
25 of (i) the date of termination or reduction in hours below
26 the minimum required by the group contract or (ii) the date

1 the employee is given written notice of the right of
2 continuation by either the employer, ~~or the~~ group
3 policyholder, or HMO. ~~In no event, however, shall the~~
4 ~~employee or member elect continuation more than 60 days~~
5 ~~after the date of termination or reduction in hours below~~
6 ~~the minimum required by the group contract.~~ Written notice
7 of continuation presented to the employee or member by the
8 policyholder or HMO, or mailed by the policyholder or HMO
9 to the last known address of the employee, shall constitute
10 the giving of notice for the purpose of this paragraph.

11 The written notice provided to an employee must include
12 an explanation that his or her option for continuation
13 coverage will expire within the 30 day period following the
14 later of (i) the date of such termination of employment or
15 reduction in hours below the minimum required by the group
16 plan, or (ii) the date the employee is given written notice
17 of the right of continuation by either the employer, group
18 policyholder, or HMO.

19 In the event the employer fails or refuses to provide
20 notice of continuation rights to the employee or member,
21 the HMO is required to mail notice of the continuation
22 rights to the employee or member at the last known address
23 of the employee. In the event the employee or member
24 contacts the HMO regarding continuation rights and advises
25 that notice has not been provided by the employer or group
26 policyholder, the HMO shall mail out notice to that

1 individual. An employee or member shall have 30 days from
2 receipt of the notice to elect continuation.

3 Any employer who fails to provide the notice required
4 in this subsection (4) is guilty of a petty offense and
5 shall be fined \$500.

6 (5) An employee or member electing continuation must
7 pay to the group policyholder or his employer, on a monthly
8 basis in advance, the total amount of premium required by
9 the HMO, including that portion of the premium contributed
10 by the policyholder or employer, if any, but not more than
11 the group rate for the coverage being continued with
12 appropriate reduction in premium for any supplementary
13 benefits that have been discontinued under paragraph (3) of
14 this Section. The premium rate required by the HMO shall be
15 the applicable premium required on the due date of each
16 payment.

17 (6) Continuation of coverage under the group contract
18 for any person shall terminate when the person becomes
19 eligible for Medicare or is covered by any other insured or
20 uninsured plan that provides hospital, surgical, or
21 medical coverage for individuals in a group and under which
22 the person was not covered immediately before termination
23 or reduction in hours below the minimum required by the
24 group contract as provided in paragraph (2) of this Section
25 or, if earlier, at the first to occur of the following:

26 (a) The expiration of 12 ~~9~~ months after the

1 employee's or member's coverage because of termination
2 of employment or membership or reduction in hours below
3 the minimum required by the group contract.

4 (b) If the employee or member fails to make timely
5 payment of a required contribution, the end of the
6 period for which contributions were made.

7 (c) The date on which the group contract is
8 terminated or, in the case of an employee, the date his
9 or her employer terminates participation under the
10 group contract. If, however, this paragraph applies
11 and the coverage ceasing by reason of termination is
12 replaced by similar coverage under another group
13 contract, then (i) the employee or member shall have
14 the right to become covered under the replacement group
15 contract for the balance of the period that he or she
16 would have remained covered under the prior group
17 contract in accordance with paragraph (6) had a
18 termination described in this item (c) not occurred and
19 (ii) the prior group contract shall continue to provide
20 benefits to the extent of its accrued liabilities and
21 extensions of benefits as if the replacement had not
22 occurred.

23 (7) A notification of the continuation privilege shall
24 be included in each evidence of coverage.

25 (8) Continuation shall not be available for any
26 employee who was discharged because of the commission of a

1 felony in connection with his or her work, or because of
2 theft in connection with his or her work, for which the
3 employer was in no way responsible if the employee (i)
4 admitted to committing the felony or theft or (ii) was
5 convicted or placed under supervision by a court of
6 competent jurisdiction.

7 The requirements of this amendatory Act of 1992 shall apply
8 to any group contract, as defined in this Section, delivered or
9 issued for delivery on or after 180 days following the
10 effective date of this amendatory Act of 1992.

11 (Source: P.A. 93-477, eff. 1-1-04.)

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.